

MINUTES

KANSAS ELECTRIC TRANSMISSION AUTHORITY

March 21, 2008
Room 519-S—Statehouse

Members Present

Representative Carl Holmes, Chairperson
Earnie Lehman, Vice-Chairperson
Tim McKee, Secretary
Les Evans
Representative Annie Kuether
Senator Janis Lee

Member Absent

Senator Jay Emler

Staff Present

Mary Galligan, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Rebecca Wempe, Stevens and Brand, LLP

The Chairperson called the meeting to order at approximately 1:10 p.m.

The Chairperson noted two items for addition to the agenda: an update from Kansas City Power and Light (KCPL) on transmission projects and a discussion of Board travel policy. *Representative Kuether made and Mr. Evans seconded a motion to approve the printed agenda as amended. The motion passed.*

The Chairperson opened the floor for nomination of officers. *Senator Lee made and Representative Kuether seconded a motion to elect Representative Holmes as Chairperson of the Board. No other nominations were offered. The motion passed. Senator Lee made and Representative Kuether seconded a motion to elect Mr. Lehman as Vice-Chairperson. No other nominations were offered. The motion passed. Mr. Lehman made and Representative Kuether seconded a motion to elect Mr. McKee as Secretary. No other nominations were offered. The motion passed.*

Mr. Evans made and Representative Kuether seconded a motion to approve the minutes of the February meeting as distributed. The motion passed.

The Chairperson asked for any questions from the Board regarding the February expenditure report (Attachment 1). No questions were asked.

Mr. Evans and Mr. McKee reported on their meeting in December with members of other states' infrastructure authorities. In addition, Mr. McKee reported on the ongoing activities related to encouraging congressional action to authorize tax-free bonds for state infrastructure/transmission authority projects.

The Chairperson pointed out that the Board had received a letter from Hunt Transmission Services, LLC, withdrawing its previous letter of interest in construction of the Spearville-Knoll-Axtell transmission line (Attachment 2).

The Chairperson recognized Kelly Harrison, Vice President, Transmission and Environmental Services for Westar Energy, for an update on the company's transmission projects. Mr. Harrison reported that progress is being made on the Wichita-Reno-Summit section of the project with foundation work being done from Wichita to Halstead. The company expects some lines will be strung by early summer. Westar is progressing on right-of-way acquisition on the second phase of the line.

Mr. Harrison reported that technical hearings before the Kansas Corporation Commission on the Rose Hill-Sooner transmission line were recently completed. An order from the Commission is expected by April.

Mr. Harrison described some of the technology being used to construct the transmission lines. He suggested that the Board may find it instructive to spend a portion of one of its meetings at a site where line construction is in progress. He offered to identify a time when the Board would be able to see as many of the construction activities as possible.

In response to a question, Mr. Harrison indicated that 765 kV transmission lines might be built from Wichita to Spearville at some time in the future. He noted that the location of wind farms will influence the location of transmission lines. He also noted that without postage-stamp pricing for transmission services, the higher voltage lines would not be feasible.

The Chairperson recognized Steve Ferry, Vice President, Transmission Policy for Sunflower Electric Power Corporation, for an update on transmission projects. Mr. Ferry spoke from a handout presented to the Board (Attachment 3). In response to a request from Chairperson Holmes, Mr. Ferry indicated he would provide the Board additional information on the increase in capacity associated with the upgrades he discussed.

The Chairperson recognized Todd Fridley, Manager, Transmission Policy for KCPL, for an update on transmission projects. Mr. Fridley presented a handout to the Board (Attachment 4). In response to a question, Mr. Fridley indicated that he would provide to the Board cost figures and a description of the transmission project associated with Iatan 2.

The Chairperson recognized Kimberly Gencur Svaty representing ITC Great Plains and directed the Board members' attention to written material describing the company's progress and next steps for the Spearville-Axtell transmission line project. That material was previously distributed to the Board (Attachment 5). The Chairperson also noted the Kansas Corporation Commission Order granting the company's application to amend its Certificate of Public Convenience. That document was previously distributed to the Board (Attachment 6). Ms. Gencur Svaty responded to a question that a specific location of the line had not yet been identified. Mr. Lehman asked about some of the notation on the maps. Ms. Gencur Svaty informed the Board that she would obtain an

explanation of the notation. (Subsequent to the meeting Ms. Gencur Svaty submitted an explanation of the notation in question (Attachment 7)).

In response to a question, Ms. Gencur Svaty responded that the dates in the Project Update document remain the company's targets. She noted that the KCC order was issued slightly later than the company had planned, but that public meetings may be held in late May and early June. The Chairperson requested that the KETA Board receive the ITC Great Plains public meeting dates when they are set.

The Chairperson again recognized Mr. Ferry for a discussion of the cost of wind project interconnections. Mr. Ferry presented a handout to the Board (Attachment 8). He noted that the Southwest Power Pool (SPP) currently has license plate zonal rates for transmission service and that creates a problem. He noted that if the SPP changed its rate structure, the problem with interconnection costs would be eliminated. Mr. Ferry noted that the SPP filed a tariff modification with the Federal Energy Regulatory Commission (FERC) on March 3. In response to a question, Mr. Ferry said an order from the Commission is anticipated within the next 6 months. The Chairperson asked that the Board be informed of any developments in the FERC process.

The Chairperson recognized Jay Caspary, Director of Engineering for the Southwest Power Pool. Mr. Caspary reviewed written material provided to the Board (Attachment 9).

In regard to a question about the ITC Great Plains projects, Mr. Caspary responded that it is just taking time to work through the process at SPP. He noted that some SPP procedures that apply to the "Kansas V Plan" do not apply to the Spearville-Axtell line.

Mr. Caspary noted that on Tuesday SPP will post the Oklahoma draft report. He encouraged KETA to submit comments regarding that draft report and regarding the EHV Overlay Study.

The Chairperson recognized Commissioner Moffet, Kansas Corporation Commission, to discuss the SPP Regional State Committee perspective on the extra high voltage (EHV) study. Commissioner Moffet informed the Board that the transmission capacity KETA has been discussing is encompassed within the study and would be among the first pieces of the plan to be constructed. He noted that a recommendation in the EHV study to look at the feasibility of building 765kV capacity and energizing at 345kV initially makes a great deal of sense, because it utilizes the process of right-of-way acquisition only once. Chairperson Holmes asked whether the KCC has the authority, in the transmission siting process for 345kV lines, to require the right-of-way to be extended to the amount required for 765kV lines. Commissioner Moffet indicated if the applicant requested extended right-of-way, the Commission would consider whether the request was reasonable.

The Chairperson recognized Mr. Lehman for a discussion of the KETA Business Plan. Mr. Lehman presented a draft of the Business Plan for 2008 and 2009 for discussion (Attachment 10). He noted that the draft will be reworked to incorporate the Board's discussion during this meeting and will be re-circulated.

Chairperson Holmes proposed that the Board adopt a travel approval procedure. The Board discussed a procedure that would require two of the three officers to approve travel requests, and that would not allow an officer to approve his or her own travel. *Senator Lee made and Representative Kuether seconded a motion to adopt the conceptual language of the travel policy. The motion passed.* Staff will circulate formal language for the procedure. The Chairperson asked staff to review the travel reimbursement procedures of the Kansas Turnpike Authority and the Kansas Hospital Authority to assist the Board in its consideration of potential changes to travel reimbursement procedures for the Board's non-legislative members.

The date of the next meeting was discussed. Late May was suggested, possibly either the day before or the day after *sine die* adjournment of the Legislature. The Chairperson noted that the next meeting may include a visit to a transmission line construction site.

The Chairperson adjourned the meeting at approximately 4:35 p.m.

Respectfully submitted,

Tim McKee, Secretary

Approved by Board on:

June 27, 2008

(Date)